



m/047/032

July 17, 2000

Mr. D. Wayne Hedberg
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114

Re: May 19, 2000 Letter

Dear Mr. Hedberg:

Pursuant to my telephone conversation with Tony Gallegos today, this letter will serve a formal request for an extension from DOGM to provide the information requested in your May 19, 2000 letter. Crown is in the midst of completing the pilot study at Asphalt Ridge and has been unable to complete the maps and other requested information.

I have attached a copy of the agreement executed by Uintah County for the current operations in the mine along with a copy of the original May 15, 1996 Tar Sands Supply and Mining Agreement.

Crown hereby requests DOGM grant a sixty (60) day extension to provide the remaining information requested in the May 19, 2000 letter. If you have any questions please do not hesitate to call me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J Mealey', is written over the name 'Jay Mealey'.

Jay Mealey
President, Crown Asphalt Corporation
Manager, Crown Asphalt Ridge, L.L.C.

cc: Lonnie Hogan, Uintah County Road Department
Bill Kraemer - MCNIC Pipeline & Processing Company

RECEIVED

JUL 19 2000

DIVISION OF
OIL, GAS AND MINING

M/047/032

AGREEMENT

This Agreement (the "Agreement") is entered into this _____ day of _____, 2000, by and between Crown Asphalt Ridge, L.L.C. ("Crown") and Uintah County, Utah (the "County").

RECITALS

Crown and the County are currently bound by that certain Tar Sands Supply & Mining Agreement dated May 15, 1996 (the "Supply Agreement") pursuant to which the County is entitled to receive up to 300,000 tons of tar sands on specified terms from real property leased by Crown. This Agreement sets forth the terms upon which the parties agree that the County may now temporarily mine tar sands in Crown's pit at the Asphalt Ridge (the "Site").

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties hereunder, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Subject to the conditions set forth within this Agreement, Crown will allow the County the right to mine tar sands at the Site. The County's mining activities will be performed under the direction of Crown in a manner determined by Crown not to unreasonably interfere with either its own mining operations at, or its mining plan for, the Site. Prior to the expiration of this Agreement as provided in Paragraph 9 below, Crown and a representative of the County will meet from time to time to review the progress of the County's mining operations at the Site. Crown will direct the County on the area to be mined, the volume of tar sands to be mined, mine access, ingress and egress procedures, security procedures and the location of all roads, berms, stock-piles, overburden, materials, retention areas and facilities and the County agrees to comply with such directions and procedures.
2. No materials, including aggregate, water or other such material may be brought or placed on to the Site without the express written consent of Crown and if consented to, only in such location directed by Crown.
3. The County will maintain an accurate daily log of all tar sands volumes removed from the Site. This log will identify the dates, time and truck driver of all loads removed from the pit. One copy of the log will be submitted daily, at the end of each day, to Crown's office at the Site. Crown will submit to the County a monthly invoice for \$1.50 for each ton of tar sands removed by the County. Each ton removed by the County will be credited against the remaining tar sands balance due the County pursuant to the Supply Agreement which balance is shown in the attached Tar Sands Supply & Mining Agreement Summary, Tar Sands Balance Schedule. This Schedule will be amended from time to time as additional tar sands are removed by the County. The invoice will contain a credit of \$1.00 for each such ton.

4. As of December 31, 1999, the parties acknowledge that the County has removed or received 143,417.16 tons of tar sands from the Site pursuant to the Supply Agreement and owes Crown the total amount of \$277,211.42 in royalty payments and mining costs as provided in the Supply Agreement and as further described in the attached Tar Sands Supply & Mining Agreement Summary. The County acknowledges that \$98,291.42 of the foregoing amount is a royalty Crown is required to pay to a third party and either has paid such amount or will pay Crown such amount immediately. The balance of \$178,920.00 owed to Crown consists of reimbursement of mining costs as provided for in Section 5 of the Supply Agreement. Crown and the County agree that the payment of the foregoing mining costs will be deferred until the termination of this Agreement and shall be subject to periodic offset by the amount payable to the County by Crown for delivered tar sands pursuant to Paragraph 5 below. During the term of this Agreement, Crown agrees to provide the County with monthly statements in the same form as the Tar Sands Balance and Invoice and Payment Summary located in the attached Tar Sands Supply & Mining Agreement Summary that reflect (a) the total number of tons of tar sands delivered or received by the County under the Supply Agreement as of the statement date and the number of tons remaining; and (b) the amounts owed to Crown for mining costs after offset as described within this Paragraph 4.
5. The County plans to conduct additional overburden removal in accordance with a plan approved in writing by Crown. The hours for any equipment utilized for this work will be metered and maintained by the County and submitted on a weekly basis to Crown. Such hours will be valued based on the Dataquest published equipment rates set forth in the attached Dataquest Hourly Rate Schedule. In the event Crown resumes operations of its extraction facility in 2000, the overburden removal value will be credited against the amount owed to Crown by the County. In the event Crown does not resume operation of its extraction facility in 2000, the County will pay Crown the amount owed less the amount of any tar sands delivered to Crown as set forth in Paragraph 6 below on the earlier date of December 31, 2000 or sixty (60) days after receipt by the County of a final account statement and written notice from Crown that it will not commence operations in 2000. In any event, any amount owed to Crown by the County will be remitted on or before December 31, 2000.
6. The County will deliver mined tar sands to Crown during the term of this Agreement at a price of \$4.50 per delivered ton which amount will be credited against amounts owed by the County to Crown as provided for herein. Crown will be responsible for the payment of any royalty due for such tar sands. All such tar sands will be delivered to Crown at a location on the Site determined by Crown's representative and receipt of such tar sands must be acknowledged in writing by such representative. The County has no obligation to deliver more than 1,000 tons per day of tar sands to Crown, nor any obligation to deliver beyond normal business days, excluding weekends and holidays. In addition, the County has no obligation to mine and deliver tar sands to Crown after the earlier of: (i) the date on which the County no longer has a balance due Crown pursuant to the terms hereof or termination of this Agreement as provided herein. Crown agrees to notify the Uintah County, Road Department Head at least 24 hours prior to the time the mined tar

sands are needed and the County agrees to deliver such tar sands as needed by Crown thereafter.

7. The County agrees to conduct its mining operations in strict accordance with the directions of Crown and with Crown's Utah Division of Oil, Gas and Mining permit. The County represents that all of its personnel who will be involved in mining operations on the Site have been MSHA trained and certified.
8. In the event the County fails to comply with any of the terms of this Agreement or direction of Crown, Crown may terminate this Agreement immediately. In such event, the County agrees to immediately cease any and all operations at the Site and remove its equipment and personnel within 24 hours.
9. During the term of this Agreement, each party shall defend, indemnify and hold harmless the other party, its managers, members, officers, agents, and employees from and against any liability, any and all costs (including court costs), expenses, fees (including reasonable attorney fees), and payments, and losses and damages (collectively, the "Costs") which arise out of, or are in any way connected with, either parties' performance hereunder unless such Costs arise out of the negligent acts of the party seeking indemnification. Further, while performing its mining activities hereunder, the County shall (i) be responsible for all costs associated with its mining operations, (ii) not allow any lien to be recorded against Crown's leased premises as a result of the County's activities, (iii) conduct all of its activities in a workmanlike manner, and (iv) maintain insurance in amount acceptable to Crown covering personal injury or property damages which may result from its operations.
10. This Agreement will terminate without notice upon the earlier of (i) the County having received its total entitlement of tar sands under the Supply Agreement; or (ii) December 31, 2001, unless terminated prior to that date as provided herein. Crown may terminate this Agreement at any time upon sixty (60) days prior written notice should it elect to conduct its own mining operations at the Site and deliver tar sands to the County as provided in the Supply Agreement. Upon prior written notification, Crown agrees to provide the County with reasonable access to its leased property for the purposes of facilitating the County's evaluation of such sites as suitable locations for its mining operations. Crown further agrees to make available to the County for its review geological and mining data and information which it presently possesses regarding such additional sites.
11. The County and Crown agree that should the County disturb any additional lands, not disturbed as of the termination of this Agreement, pursuant to Paragraph 6 of the Supply Agreement, the County will assume any reclamation responsibility for such additional disturbance.
12. This Agreement is not intended to and does not amend or modify the Supply Agreement except as provided for in Paragraph 11 above.

13. Neither Crown nor the County may assign their interests and/or delegate the performance of their obligations under this Agreement to any other person or entity without first obtaining the prior written consent of the other party.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

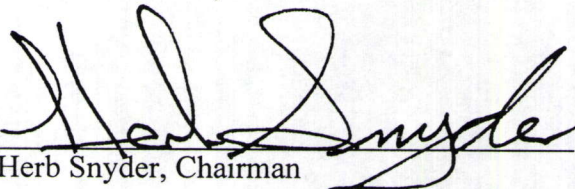
"CROWN"

CROWN ASPHALT RIDGE, L.L.C.

By: _____
Jay Mealey, Manager

"COUNTY"

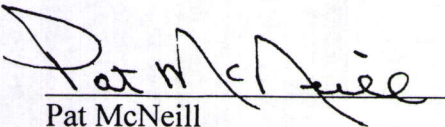
UINTAH COUNTY, UTAH

By: 
Herb Snyder, Chairman


Cloyd Harrison, Commissioner


Lloyd Swain, Commissioner

ATTEST:


Pat McNeill
Clerk/Auditor

m/047/032

TAR SANDS SUPPLY AND MINING AGREEMENT

This Tar Sands Supply and Mining Agreement ("Agreement") is entered into effective this 15th day of May, 1996, by and between BUENAVENTURA RESOURCES CORPORATION, a Utah corporation, 215 South State Street, Suite 550, Salt Lake City, Utah 84111 ("BVRC"), UINTAH COUNTY, a body politic of the State of Utah, 147 East Main, Vernal, Utah 84078, and WEMBCO, INC., 727 Orange Grove, #7, Pasadena, California 91105 ("Wembco").

R E C I T A L S

WHEREAS, Uintah County operates an existing mine in the SE ¼ of Section 30 of Township 4 South, Range 21 East, SLM, to mine and produce tar sands for the construction and maintenance of its roads;

WHEREAS, BVRC leases and operates an existing mine in the NE ¼ of Section 31 of Township 4 South, Range 21 East, SLM, to mine and produce tar sands for the construction and maintenance of roads;

WHEREAS, BVRC intends to expand its existing tar sands mine to mine and produce tar sands and to further process the tar sands for separation of bitumen therefrom and for the production of other by-products from tar sands;

WHEREAS, Wembco owns the surface and mineral rights of the lands involving the Uintah County and BVRC tar sands mines, subject to certain rights of Uintah County and BVRC to conduct their operations as those rights are established and set forth in documents contained in the records of the Uintah County Recorder;

WHEREAS, Uintah County has expressed a desire to expand its existing mine operations on lands under lease to BVRC by Wembco, and BVRC has agreed to such expansion under certain negotiated terms and conditions; and

WHEREAS, Wembco has agreed to the expansion of the Uintah County tar sands mine within the NE ¼ of Section 31 of Township 4 South, Range 21 East, SLM as set forth herein.

NOW THEREFORE, for a good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties subscribing hereto, and in consideration of the mutual covenants contained herein, the parties agree as follows:

1. There is hereby dedicated to the exclusive use and benefit of Uintah County for county road purposes, 300,000 tons of tar sands ore on lands owned by Wembco in

the NE ¼ of Section 31 of Township 4 South, Range 21 East, SLM. For purposes of this Agreement, tar sands ore is defined as tar sands having an oil content of not less than eight percent (8%) by weight and which is suitable for use in the construction of county roads, as those roads have been and are being constructed in Uintah County.

2. As soon as reasonably practicable and upon receiving the necessary governmental approvals, Uintah County shall expand its tar sands mine by approximately ten (10) acres on lands within the NE ¼ of Section 31 of Township 4 south, Range 21 East, SLM, more exactly described and depicted on Exhibit "A" attached hereto, and by this reference incorporated herein.

3. Uintah County shall remove all top soil and overburden from the lands depicted on Exhibit "A" and stockpile or otherwise utilize the top soil and overburden as approved by the Utah Division of Oil, Gas and Mining, and BVRC.

4. Uintah County shall have the exclusive right to mine tar sands from the lands described on Exhibit "A" until such time as it has mined and removed 300,000 tons of tar sands ore, or until BVRC makes its written election to assume all operations on these lands, whichever first occurs. BVRC's written election shall be deemed effective two (2) weeks after its delivery to the offices of the Uintah County Commission.

5. For all tar sands ore mined, removed and delivered to Uintah County for the lands described in paragraph 1 above, it shall be shall pay a royalty to BVRC of \$1.50 per ton; provided, however that Uintah County shall have a credit of \$1.00 per ton of tar sands ore for each \$1.00 it reasonably and actually spends on mining and removing the overburden from these lands. For example, if Uintah County spends a total of \$50,000 for mining and removing the overburden, it shall pay to BVRC for all tar sands ore mined and removed from the lands a royalty of \$.50 for the first 50,000 tons, and thereafter a royalty of \$1.50 per ton for all tons of tar sands ore mined or removed from said lands.

6. Upon BVRC exercising its election to assume operations as set forth in paragraph 4 above, Uintah County shall be relieved of all reclamation responsibilities, and BVRC shall assume all reclamation responsibilities for the lands which are the subject of this Agreement. Further, BVRC shall thereafter have the exclusive right to mine tar sands from these lands and occupy the same; provided, however, that it shall deliver mined tar sands ore to Uintah County until its 300,000 ton entitlement as established under this Agreement has been satisfied. BVRC shall deliver tar sands ore to Uintah County at the mine site at a cost equal to its actual mining costs plus fifteen percent (15%) and the royalties provided for in paragraph 5 above, but not to exceed a total delivery cost of \$5.00 per ton inclusive of royalty (adjusted for inflation on a yearly basis after the third anniversary date of this Agreement). If, for any reason, BVRC is unable to deliver tar sands ore to Uintah County at the cost not exceeding the \$5.00 per

ton (as adjusted for inflation), Uintah County shall have the right to reasonably enter upon the land, and use so much thereof as may be reasonably necessary to mine and remove tar sands ore until it has satisfied its 300,000 ton entitlement.

7. In conducting any operations on the lands described in paragraph 1 above, Uintah County shall be responsible for all costs associated with its operations, and shall not allow any lien to be recorded against the land. Further, Uintah County shall conduct all of its activities in a workmanlike manner, carry adequate insurance to pay personal injury or property claims for judgment which may result from its operations, and shall maintain accurate records of tar sands ore removed from the land. BVRC and Wembco shall be allowed to review the records of tar sands ore removal upon providing Uintah County at least five (5) days advance written notice. The notice shall be deemed effective when delivered to the offices of the Uintah County Commission.

8. This Agreement shall not create a partnership nor agency relationship among the parties hereto. At no time shall any party be deemed the contractor, subcontractor, agent, or employee of the other in exercising its rights and in performing its obligations hereunder.

9. This Agreement may not be amended or modified except in writing.

10. This Agreement shall not restrict or otherwise limit any rights the parties, or any of them, have or may have with respect to the lands described herein, and shall not in any way be construed in derogation of any such rights.

DATED effective the day and year first above written.

Dated: 5/18/96

UINTAH COUNTY

By: John B. Venable
Lois F. Howell
De Ann McKee

Dated: 5/7/96

BUENAVENTURA RESOURCES CORPORATION

By: Thomas W. Bachtell
Thomas W. Bachtell, President

Dated: 5/8/96

WEMBCO, INC.

By: James L. Barnes
James L. Barnes, Vice President

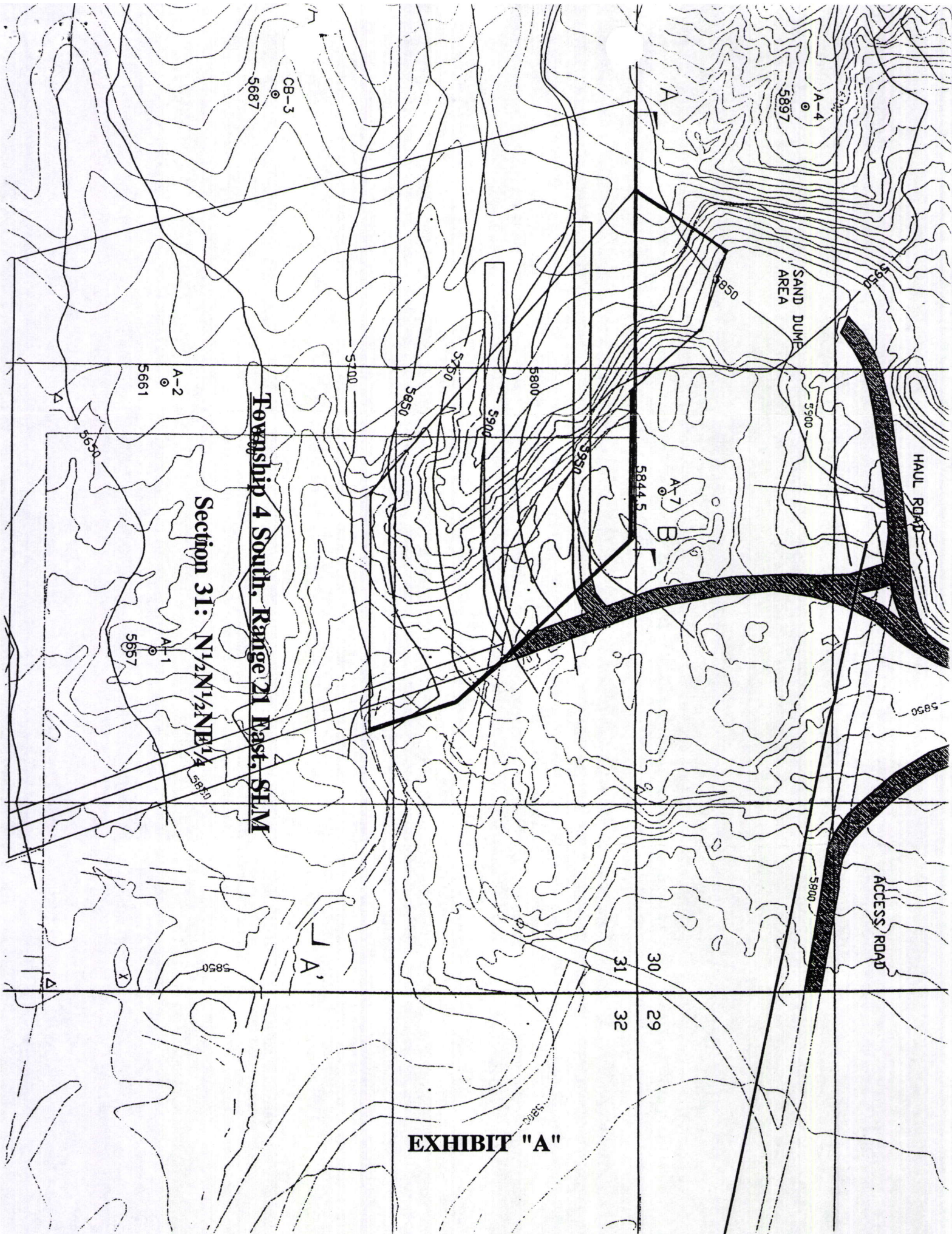


EXHIBIT "A"